



“Circuit Breaker”

OFFICE OF LEGISLATIVE RESEARCH AND GENERAL COUNSEL

Revenue and Taxation Interim Committee

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Property Tax Relief Tied to Income

- 1. Indigent Abatement**
- 2. Indigent Deferral**
- 3. “Circuit Breaker” Relief**



Purpose of “Circuit Breaker”

Title 59, Chapter 2, Part 12

“offset in part the general tax burden, a significant part of which ... is represented by property tax.” The circuit breaker “is not limited to property tax relief nor is it formulated upon the Legislature’s power to relieve those taxes.”



What is “Circuit Breaker” relief?

- **Singular Reference to Three Types of Property Tax Relief**

1. **Homeowner’s Valuation Reduction**

- Property tax assessed on 35% of residential property’s value

2. **Homeowner’s Credit worth up to \$1,015***

3. **Renter’s Credit worth up to \$993***

*2019 maximum credit - Credit amount is inflexed for inflation



Qualifications

- **Total Household Income
< Annual Threshold**
- **≥ 66* Years Old; or
Unmarried surviving
spouse of any age**
- **Utah resident for entire
calendar year**
- **Annual application by
claimant**
- **Claimant occupies the
property for which the
relief is sought**

*Age increases to 67 in 2027



Interim Committee Study

What is the appropriate *income qualification*?

2019 Income Threshold = \$33,530

2007 Income Threshold = \$26,941



Median Household Income

\$49,026

**Householders age 65+
in Utah**

Source: American Community Survey
US Census Bureau (2017)



Other Considerations: Credit Structure

- **Amounts of credits are inversely tied to income bracket**

2018 Household Income	Amounts of 2019 Credits	
	Homeowner's	Renter's
\$0 - \$11,399	\$1,015	\$993
\$11,400 - \$15,201	\$888	\$866
\$15,202 - \$19,000	\$765	\$743
\$19,001 - \$22,800	\$578	\$556
\$22,801 - \$26,602	\$455	\$433
\$26,603 - \$30,176	\$270	\$248
\$30,177 - \$33,530	\$144	\$122

Sources: Salt
Lake County
Treasurer
Utah County
Clerk/Auditor
Utah State Tax
Commission



Other Considerations: Cost

In 2017:

13,434 recipients	=	\$5,626,835
homeowner's and		cost to General
renter's credits		Fund

Valuation reduction is not reimbursed by General Fund



Questions?